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NEWS RELEASE

Former Broker-Dealer Agent Pleads to Securities Fraud

December 12, 2005 ... N. George Daines, Cache County Attorney, and Francine A. Giani, Executive Director of the Utah Department of Commerce, announced that Michael B. Scharbach, of Smithfield, Utah, pleaded guilty to two second degree felony charges of securities fraud and two third degree felony charges of acting as an unlicensed securities agent. Scharbach also agreed to pay over \$250,000 in restitution to the six victims.

As early as 2001, Scharbach took money from his victims promising to invest in various schemes from day-trading, to the futures market, to a loan-fee program out of Hong Kong. Scharbach guaranteed his victims they would not lose money and in many instances promised huge returns. Scharbach did not tell his investors he had previously filed two personal bankruptcies or that he was delinquent in his child support payments. In addition, Scharbach had been a licensed stockbroker agent until October 2001. He took money from two of the six investors for these investment schemes while he was licensed.

Scharbach was charged with fourteen counts of securities violations on September 15, 2005. As part of today's plea agreement, the remaining ten counts were dismissed.

Scharbach will be sentenced on January 30, 2006 at 1:30.